

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN PRIORITY

UNCLAS STATE 196036

FOR FUNSETH FROM S/PRS

FOLLOWING REPEAT STATE 196036 (TOSEC 200135) ACTION
SECRETARY 7 AUGUST 76.

QUOTE

UNCLAS STATE 196036 TOSEC 200135

FOR FUNSETH FROM S/PRS

E.O. 11652: N/A

TAGS: SOPN (KISSINGER, HENRY A)

SUBJECT: TRAVELLING PRESS REPORTAGE, AUGUST 6 EVENING

NO. 8

WIRES

AP - FREED FROM TEHRAN: "THE SHAN OF IRAN SAID TODAY THE
U.S. REALLY HAS NO CHOICE BUT TO SUPPLY LARGE AMOUNTS OF
ARMS TO HIS COUNTRY. HE TOLD A NEWS CONFERENCE AFTER MEET-
ING WITH SECRETARY OF STATE KISSINGER THAT WITHOUT EVEN MORE
WEAPONS IRAN WOULD BE IN DANGER OF COLLAPSE UNDER THE WEIGHT
OF NEIGHBORING ENEMIES.

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'WHAT OTHER ALTERNATIVES DO YOU HAVE', HE WENT ON, 'NUCLEAR HOLOCAUST OR MORE VIETNAMS' IF THE U.S. DOES NOT HELP ITS FRIENDS.

THE SHAH WAS RESPONDING TO QUESTIONS ABOUT A SENATE COMMITTEE REPORT....THE SHAH DENIED ALL THE CHARGES, SAYING IF ANY TECHNICAL PROBLEMS ARISE HE WILL HIRE AMERICAN CIVILIANS TO HELP. HE DISPUTED THE SENATE REPORT'S FINDING THAT 24,000 AMERICANS ARE ALREADY HELPING RUN HIS MILITARY ESTABLISHMENT.

IN OTHER MATTERS THE SHAH SAID HE WILL NOT ACCEPT RESTRAINTS ON A SALE OF AMERICAN NUCLEAR REACTORS 'THAT INFRINGE ON THE SOVERIEGNTY' OF IRAN. HOWEVER, HE ADDED THAT 'WE ARE AGREEABLE TO A REPROCESSING PLANT..ON A MULTINATIONAL BASIS' IN THE REGION.....

KISSINGER AND THE SHAH AGREED THAT MORE NEGOTIATIONS ARE NECESSARY BEFORE THE DEAL, INVOLVING 8 TO 10 REACTORS WORTH ONE BILLION DOLLARS EACH, CAN BE CONCLUDED.

THE SHAH TOLD NEWSMEN HE IS ACTIVELY PURSUING AN ARRANGEMENT TO TRADE CRUDE OIL FOR AMERICAN ARMS. HE SAID HE WOULD NOT CUT THE PRICE OF THE OIL TO MAKE SUCH A BARTER ARRANGEMENT ATTRACTIVE. INSTEAD, THE DEAL SHOULD GO THROUGH BECAUSE 'THE SOURCE OF SUPPLY WOULD BE VERY SECURE WITH NO SURPRISES'.

THE SHAH ALSO DEFENDED HIS GOVERNMENT AGAINST CHARGES THAT HIS SECRET POLICE USES EXCESSIVE VIOLENCE OR TORTURES POLITICAL PRISONERS....

THE SHAH SAID HIS COUNTRY NEEDS THREE TIMES AS MANY WEAPONS AS IT HAS TO CTACH UP WITH MANY OF ITS NEIGHBORS...HE INTENDS, HE WENT ON, TO MAKE IRAN AS STRONG IN 10 YEARS AS FRANCE, BRITAIN AND WEST GERMANY NOW ARE. AS FAR AS ARMS SALES GO, THERE ARE PLENTY OF PLACES TO BUY, THE SHAH SAID, IF THE U.S. REFUSES. 'THE QUESTION IS, CAN THE U.S. AFFORD TO LOSE IRAN', THE SHAH SAID, EITHER AS A FRIEND OR AS A CUSTOMER.

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KISSINGER SAID THE TALKS WITH THE SHAH...WERE FRIENDLY AND CONSTRUCTIVE.

REUTER-NELSON FROM TEHRAN: LED ALONG LINES OF ABOVE FREED PIECE AND CONTINUED:

"WITH DR. KISSINGER SITTING AT HIS SIDE, THE SHAH

CHALLENGED THE AMERICAN GOVERNMENT TO TRY TO STOP HIS ATTEMPT TO ENTER DIRECT BARTER DEALS WITH U.S. ARMS MANUFACTURERS, SUCH AS GENERAL DYNAMICS AND LITTON INDUSTRIES.

'THIS IS A PRIVATE DEAL' HE SAID. 'I DON'T SEE THAT THIS IS WITHIN YOUR JURISDICTION, IN A SO-CALLED FREE ECONOMY, TO INTERFERE.'

IN FACT, NONE OF THE PROPOSED BARTER DEALS IS NEAR COMPLETION, AND THE U.S. GOVERNMENT WOULD STILL RETAIN VETO POWER OVER ANY ARMS DELIVERY TO IRAN.

WARNING AGAINST ANY ATTEMPTS TO BLOCK ARMS SALES, THE SHAH SAID, 'IF YOUR SOURCES ARE NOT AVAILABLE TO US, THERE ARE MANY OTHER SOURCES WAITING FOR US TO SHOP IN THEIR SHOPS.'

THE SHAH SOUGHT TO SQUELCH OFFICIAL U.S. SPECULATION THAT HE MIGHT OFFER HIS BARTERED OIL FOR THE EQUIVALENT OF SOMETHING LESS THAN THE MINIMUM PRICE, NOW ABOUT 12 DOLLARS A BARREL, SET BY THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC).

'WE ARE NOT THAT BROKE,' HE SAID, INDIRECTLY ACKNOWLEDGING A BUDGET DEFICIT THAT IS BELIEVED TO HAVE PROMPTED HIM TO CONSIDER BARTER DEALS.

HE SAID IRAN WOULD HAVE TO BORROW FOREIGN CURRENCY TO HELP MEET PART OF ITS 7 BILLION DOLLAR AID COMMITMENTS TO INDIA, EGYPT AND SEVERAL AFRICAN COUNTRIES.

BUT, ASKED BY A REPORTER WHETHER HE WOULD CHARGE THE FULL OPEC PRICE IN A BARTER DEAL, HE REPLIED, 'WE CANNOT DO UNCLASSIFIED

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OTHERWISE.'

PI - DANILOFF FROM NOWSHAHR: "THE SHAH OF IRAN, DENYING A SENATE REPORT THAT U.S. ARMS SALES TO IRAN ARE MISMANAGED AND EXCESSIVE, SAID FRIDAY HIS COUNTRY NEEDS MORE AMERICAN MILITARY SUPPLIES BECAUSE IRAN'S NEIGHBORS HAVE A THREE-TO-ONE EDGE IN MILITARY FIREPOWER.

THE SHAH, WHO MET WITH SECRETARY OF STATE KISSINGER FOR THREE HOURS AT HIS SUMMER PALACE ON THE SHORES OF THE CAPTAIN SEA, ALSO SAID IRAN WANTS EIGHT TO 10 U.S. NUCLEAR REACTORS FOR NON-MILITARY USES AND IS INTERESTED IN A PROPOSAL TO BARTER IRANIAN OIL FOR U.S. WEAPONS.

'IF YOU SUPPLY, THEN WE ARE VERY HAPPY,' HE TOLD REPORTERS

IN AN INTERVIEW AFTER THE MEETING WITH KISSINGER. 'BUT IF YOU SAY YOUR SOURCES ARE NOT AVAILABLE, THEN THERE ARE MANY OTHER SOURCES JUST WAITING FOR US TO SHOP.'

KISSINGER, SEATED BESIDE THE SHAH IN THE CHANDELIERED RECEPTION HALL OF THE PALACE, SAID THE TALKS WERE 'EXTREMELY CONSTRUCTIVE' AND CONDUCTED WITH 'GREAT CORDIALITY AND GENERAL AGREEMENT.' HE DECLINED TO DISCUSS SPECIFICS OF THE MEETING.

THE IRANIAN RULER CALMLY TURNED ASIDE AMERICAN REPORTERS' QUESTIONS ABOUT REPRESSIVE MEASURES IN IRAN AND REPORTED TORTURE OF POLITICAL PRISONERS -- A TOPIC NEVER MENTIONED PUBLICLY IN TEHRAN.

THE IRANIAN RULER COMMENTED PUBLICLY FOR THE FIRST TIME ON A SENATE REPORT IN WASHINGTON THAT U.S. ARMS SALES TO IRAN -- DOLS 10 BILLION WORTH SINCE 1973 -- ARE OUT OF CONTROL, ARE MISMANAGED AND COULD EMBROIL THE UNITED STATES IN A MIDDLE EAST CONFLICT.

'I THINK WE HAVE ABSORBED THOSE ARMS SO FAR VERY EASILY AND WHATEVER ELSE WE GET WILL ALSO BE ABSORBED,' HE SAID.

NETWORK/TV: NOTHING ON ANY NETWORK. HABIB UNQUOTE
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